

GAO

OLL 85-1171/1
23 April 1985

MEMORANDUM FOR THE RECORD

SUBJECT: Briefing for GAO on Foreign Weapons Procurement

1. On 23 April 1985, GAO staffers Charles Groves and David Schmitt were briefed on foreign weapons procurement efforts by DI analysts [redacted] from the office of Soviet Analysis and [redacted] from the office of Scientific and weapons Research. The meeting took place in 4B42 from 1400 to 1600. [redacted]

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2. The GAO staffers presented an outline (attached) of the topics they intend to discuss with foreign officials in London, Bonn, Paris, Israel, and Moscow. In preparation for these interviews, GAO was seeking background from CIA analysts about foreign weapons acquisition practices and the responses they might expect from foreign sources. Following a roundtable discussion about the feasibility of the project, it was decided that the short time available for the briefing required that it be limited to generalities and a focus on Soviet procurement practices. It was pointed out that the distinctive features of Soviet weapons procurement include:

a centralized system that ensures priority for defense production;

a national commitment to programs and early funding;

one-time party approval that ensures follow through;

a stable and continuous planning environment;

enforcement of deadlines and quality by the military;

a large, established industrial base that is assured of continuous work. [redacted]

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3. The GAO staffers requested an additional meeting with [redacted] for further details regarding the report written by [redacted]

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him in 1984 under the auspices of the DCI Exceptional Intelligence Analyst Program. This meeting took place (with OLL approval but without OLL representation) on 26 April 1985 at CIA headquarters. [redacted]

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Liaison Division
Office of Legislative Liaison

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[redacted]
Chief, Liaison Division, OLL

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The U.S. General Accounting Office has begun a survey of the weapon system acquisition processes used by other major powers (Code 396204). The purpose of the survey is to compare the acquisition processes of other countries to those of the United States in order to identify efficiencies that could possibly be incorporated into our own system. The survey was initiated at the request of Senator William V. Roth, Chairman of the Senate Committee on Governmental Affairs.

A weapon acquisition system is impacted by two elements: the organizational structure within which the acquisition process must operate as well as the acquisition process itself. Our survey will address these two elements by concentrating on the issues and questions listed below:

Issues and questions to be discussed (London, Bonn, Paris, Israel, and USSR).

I. ORGANIZATIONAL ASPECTS

- A. Oversight and funding - What organizations and procedures are involved in the planning, programming, and budgeting decisions?
Specific areas of interest include:

- What legislative bodies participate in the major weapon system acquisition process, and what is the extent of their involvement and control?
- What type of budget process is used to fund major weapon systems? What organizations are involved in the planning, programming, and budgeting process? How long does the process take?
- What is the current year's Defense budget, how is it divided among the military services, and how much is allocated for each of the following budget categories:
 - (1) Research, Development, Test & Evaluation
 - (2) Procurement
 - (3) Military Construction
 - (4) Operation and maintenance
 - (5) Personnel
 - (6) Retired Personnel
 - (7) Miscellaneous

B. Ministry of Defense (MOD) - What is the MOD's role in the weapon system acquisition process, and how is the MOD organized to perform this role? Specific areas of interest include:

--How much control and influence does the MOD have over the military services' major weapon system acquisitions? (Centralized vs. decentralized)

--What impact do civilians have on the major weapon system acquisition process? How many personnel are employed in the MOD by organizational elements? What positions in the MOD organization are filled by civilians (political appointees or career civil servants) and military personnel?

--What program approval bodies exist within the MOD which are involved in the major weapon system acquisition review and approval processes? What are the decision points throughout the acquisition process?

--How is coordination and interaction established and maintained between the MOD and the military services?

--What is the role of the military services in the acquisition process and what is their involvement in system design, cost estimating, development, testing, production, and deployment?

--What is the role of the program manager? In the U.S., the program manager is an advocate of the weapon system in DOD and the Congress. Criticisms include lack of expertise, frequent turnover, lack of accountability, etc... Does the MOD have program managers? What are the problems in comparison to the U.S. system?

--How are cost estimates developed during the acquisition process? At what phase of system design are cost estimates developed and reviewed and how frequently are they changed? Does the MOD have any problems with buy-ins?

--What organizations are involved in research and development? How many research groups and laboratories are funded by the government? Are there any universities or private firms which conduct Defense research and development?

- C. Industrial Base - How large is the industrial base for the development of the major weapon systems? What is the relationship between government and industry? Specific areas of interest are:

- How many prime contractors and sub-contractors are available and used in the development of the major weapon systems?
- How many of these contractors' plants are government-owned vs. private companies?
- What are the contractor responsibilities regarding system design, development, testing, and production?
- How much competition exists between the contractors? How is competition encouraged, and what is the basis for selecting contractors?

II. ACQUISITION PROCESS (Criteria used for a major weapon system)

- A. Recognition of need - Is the demand for a new weapon system based on current and/or projected threats? Is the contractor told specifically what to develop/produce?
- B. System conceptualization - How is the initial concept developed, and what organizations are responsible for system conceptualization?
- C. Source selection - Are there a large number of prime contractors and sub-contractors? How are prime contractors and sub-contractors selected?
- D. System design - At what stage is the system design frozen and configuration control established?
- E. Developmental test and evaluation - How is the developmental test and evaluation conducted, and risks associated with potential changes identified? When and how are prototypes used?
- F. Operational test and evaluation - When is operational test and evaluation conducted--before production start-up? How much operational test and evaluation is generally conducted, and how useful is the resulting information in making decisions? Does the user play a role in this testing?

G. Production - To what extent does the government monitor contractor operations during production, and how does the government ensure quality assurance? Does the MOD use multi-year procurements to reduce costs and ensure economical production rates?

H. Cost, schedule, and performance - What was the cost, schedule, and performance experience for major weapon systems during the last 10 years? Specific areas of interest include:

--Average time from program initiation to initial operational capability (date system fielded).

--Number of systems cancelled subsequent to program initiation and reasons why.

--Number of systems that did not meet the original schedule estimates by one year or more and reasons for slippage.

--Number of systems that exceeded original cost estimates by 25 percent or more and reasons for cost growth.

--Number of systems that did not meet major technical and operational requirements, together with reasons.

--Number of joint services programs during the past 10 years that proved either successful or unsuccessful and why?

III. COMMENTS ON OTHER COUNTRIES

A. What are your opinions or actual experiences concerning the weapon system acquisition practices of other foreign countries including the United Kingdom, France, U.S.S.R., Israel, Italy, West Germany, the Scandinavian countries, and the United States?

B. Can you provide specific examples of how your acquisition practices differ from other countries, and how your practices have proved more or less effective than the others?

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